



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

|               |        |
|---------------|--------|
| <b>Bill #</b> | HB0185 |
|---------------|--------|

|               |   |
|---------------|---|
| <b>Title:</b> | Revise driver license fee allocations to increase traffic educ. account funding |
|---------------|---|

|                         |             |
|-------------------------|-------------|
| <b>Primary Sponsor:</b> | Price, Jean |
|-------------------------|-------------|

|                |               |
|----------------|---------------|
| <b>Status:</b> | As Introduced |
|----------------|---------------|

- ☐ Significant Local Gov Impact    ☒ Needs to be included in HB 2    ☐ Technical Concerns  
☐ Included in the Executive Budget    ☐ Significant Long-Term Impacts    ☐ Dedicated Revenue Form Attached

### **FISCAL SUMMARY**

|   | <b><u>FY 2016<br/>Difference</u></b> | <b><u>FY 2017<br/>Difference</u></b> | <b><u>FY 2018<br/>Difference</u></b> | <b><u>FY 2019<br/>Difference</u></b> |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| <b>Expenditures:</b>                    |                                      |                                      |                                      |                                      |
| General Fund                            | \$0                                  | \$0                                  | \$0                                  | \$0                                  |
| State Special Revenue                   | \$943,293                            | \$1,016,160                          | \$946,721                            | \$1,040,436                          |
| <b>Revenue:</b>                         |                                      |                                      |                                      |                                      |
| General Fund                            | (\$943,293)                          | (\$1,016,160)                        | (\$946,721)                          | (\$1,040,436)                        |
| State Special Revenue                   | \$943,293                            | \$1,016,160                          | \$946,721                            | \$1,040,436                          |
| <b>Net Impact-General Fund Balance:</b> | <u>(\$943,293)</u>                   | <u>(\$1,016,160)</u>                 | <u>(\$946,721)</u>                   | <u>(\$1,040,436)</u>                 |

**Description of fiscal impact:** HB 185 changes the distribution of fees collected for driver's licenses, commercial driver's licenses, and replacement driver's licenses decreasing general fund revenue by approximately \$2.0 million in the 2017 biennium, and increasing the state traffic education state special revenue account by a like amount.

### **FISCAL ANALYSIS**

#### **Assumptions:**

1. HB185 decreases the general fund revenue distribution and increases the distribution to the state traffic education account by a like amount. The revenues deposited to the state traffic education account would increase from 20.7% to 41% of each driver's license fee and from 16.94% to 30% of each commercial driver's license fee.
2. Total revenue collected in the driver's license fees account was \$4,143,835 in FY 2014. Of driver's license fees, \$3,286,061 was deposited into the state general fund and \$857,774 into the state traffic education account.

3. Total revenue collected in the commercial driver's license fees was \$453,952 in FY 2014. Of the commercial driver's license fees, \$377,063 was deposited into the state general fund and \$76,889 into the state traffic education account.
4. The HJ2 estimate and OBPP driver license revenue model assumptions were used to project ongoing basic and commercial driver license revenues. The revenue impacts of HB 185 were estimated by applying the proposed law's distributions. The difference between the current law and proposed law estimates were used to calculate the changes in distributions. These are presented in the following table:

| Change in Distributions to State Traffic Education SSR Under HB 185 as Introduced  |                   |  |                    |                    |                    |                    |
|--|-------------------|--|--------------------|--------------------|--------------------|--------------------|
|  | Actual<br>FY 2014 | Forecast   |                    |                    |                    |                    |
|  |                   | FY 2015  | FY 2016            | FY 2017            | FY 2018            | FY 2019            |
| HJR 2 Estimate of Basic Driver License Revenue (All Funds)                         | \$4,143,835       | \$4,577,000  | \$4,220,000        | \$4,657,000        | \$4,290,000        | \$4,726,000        |
| HJR 2 Estimate of Commercial Driver License Revenue (All Funds)                    | \$453,952         | \$999,240  | \$663,348          | \$542,030          | \$580,790          | \$620,661          |
| <b>Present Law</b>   |                   |  |                    |                    |                    |                    |
|  | Rate              | Distribution to State Traffic Education (SSR) Account - Present Law          |                    |                    |                    |                    |
| Driver License Fees  | 20.70%            | \$857,774  | \$947,439          | \$873,540          | \$963,999          | \$888,030          |
| Commercial DL Fees   | 16.94%            | \$76,899   | \$169,271          | \$112,371          | \$91,820           | \$98,386           |
| <i>Total from Drivers Licenses and CDLs - Present Law</i>                          |                   |  |                    | <i>\$985,911</i>   | <i>\$1,055,819</i> | <i>\$986,416</i>   |
| <b>HB 185 As Introduced</b>  |                   |  |                    |                    |                    |                    |
|  | Rate              | Distribution to State Traffic Education (SSR) Account - HB 185 as Introduced |                    |                    |                    |                    |
| Driver License Fees  | 41%               |  | \$1,730,200        | \$1,909,370        | \$1,758,900        | \$1,937,660        |
| Commercial DL Fees   | 30%               |  | \$199,004          | \$162,609          | \$174,237          | \$186,198          |
| <i>Total from Drivers Licenses and CDLs under HB 185 as Introduced</i>             |                   |  | <i>\$1,929,204</i> | <i>\$2,071,979</i> | <i>\$1,933,137</i> | <i>\$2,123,858</i> |
| <b>Change in Revenue to State General Fund and State Traffic Education Account</b> |                   |  |                    |                    |                    |                    |
|  |                   |  | FY 2015            | FY 2017            | FY 2018            | FY 2019            |
| Change in Revenue to State Traffic Education Account                               |                   |  | \$943,293          | \$1,016,160        | \$946,721          | \$1,040,436        |
| Change in Revenue to State General Fund  |                   |  | (\$943,293)        | (\$1,016,160)      | (\$946,721)        | (\$1,040,436)      |

### Office of Public Instruction

5. Current law directs the Superintendent of Public Instruction to distribute all money in the traffic education account to districts conducting approved traffic education courses. The distribution is based on the number of pupils who, in a given school fiscal year, complete an approved traffic education course, including both the classroom instruction and behind-the-wheel driving.
6. The Office of Public Instruction paid \$825,000 to 138 public school districts in FY 2014 to reimburse traffic education programs. These traffic education programs served 8,486 students and were reimbursed an average of \$97.22 per student. The reimbursement covered 22% of the average per pupil cost of \$450.41.
7. Increased revenues due to the changes in HB 185 would mean additional reimbursements to schools for traffic education program costs distributed based on the number of students served.
8. HB 185 prohibits a district from transferring funds from the traffic education fund to any other fund or to another entity. HB 185 requires that funds in the traffic education fund be used to increase the rate of student participation in traffic education, including recruiting instructors and reducing the cost to students and parents of students who participate in traffic education.
9. From FY 2010 through FY 2014, no districts transferred funds from the traffic education fund to any other fund of the district. During that same time period, only one district has transferred funds to another entity (in FY 2010 in the amount of \$492).

|   | <u>FY 2016<br/>Difference</u> | <u>FY 2017<br/>Difference</u> | <u>FY 2018<br/>Difference</u> | <u>FY 2019<br/>Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <b><u>Fiscal Impact:</u></b>  |                               |                               |                               |                               |
| <b><u>Expenditures:</u></b>   |                               |                               |                               |                               |
| Distribution to Schools   | \$943,293                     | \$1,016,160                   | \$946,721                     | \$1,040,436                   |
| <b>TOTAL Expenditures</b>   | <u>\$943,293</u>              | <u>\$1,016,160</u>            | <u>\$946,721</u>              | <u>\$1,040,436</u>            |
| <b><u>Funding of Expenditures:</u></b>  |                               |                               |                               |                               |
| General Fund (01)   | \$0                           | \$0                           | \$0                           | \$0                           |
| State Special Revenue (02)  | \$943,293                     | \$1,016,160                   | \$946,721                     | \$1,040,436                   |
| <b>TOTAL Funding of Exp.</b>  | <u>\$943,293</u>              | <u>\$1,016,160</u>            | <u>\$946,721</u>              | <u>\$1,040,436</u>            |
| <b><u>Revenues:</u></b>   |                               |                               |                               |                               |
| General Fund (01)   | (\$943,293)                   | (\$1,016,160)                 | (\$946,721)                   | (\$1,040,436)                 |
| State Special Revenue (02)  | \$943,293                     | \$1,016,160                   | \$946,721                     | \$1,040,436                   |
| <b>TOTAL Revenues</b>   | <u>\$0</u>                    | <u>\$0</u>                    | <u>\$0</u>                    | <u>\$0</u>                    |
| <b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b> |                               |                               |                               |                               |
| General Fund (01)   | (\$943,293)                   | (\$1,016,160)                 | (\$946,721)                   | (\$1,040,436)                 |
| State Special Revenue (02)  | \$0                           | \$0                           | \$0                           | \$0                           |

  
Sponsor's Initials

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Date

 1/19/15  
Budget Director's Initials Date